



LEGAL SERVICES CORPORATION

SERVING THE CIVIL LEGAL NEEDS OF LOW-INCOME AMERICANS

A SPECIAL REPORT to CONGRESS^{3/4} APRIL 30, 2000

I. Summary

Legal Services Corporation (LSC) is a private, non-membership, nonprofit corporation in the District of Columbia. The Board of Directors of LSC is composed of eleven voting members who are appointed by the President of the United States with the advice and consent of the Senate. By law, the Board is bipartisan: no more than six members can be of the same political party.

LSC plays a central role in providing low-income Americans with access to legal assistance and information concerning critical civil legal problems. Created in 1974, LSC is charged by Congress “to provide equal access to the system of justice in our Nation for individuals who seek redress of grievances” and “to provide high quality legal assistance to those who would otherwise be unable to afford adequate legal counsel.”

For 1999, LSC grantees reported closing 1,038,662 million¹ civil legal cases relating to issues such as domestic violence, child custody and visitation rights, evictions, access to health care, bankruptcy, unemployment and disability claims, and many other issues that millions of low-income Americans face throughout their lives. Without the funding provided by LSC, many of these individuals would have no other source of legal assistance for these problems.

II. The National Legal Services Program

Legal Services Corporation funds local legal services programs to serve clients in every state, county, and congressional district in the United States as well as in Puerto Rico, the Virgin Islands, Guam and Micronesia. In addition, special service areas are funded for two populations with special needs – Native Americans and migrant workers. Eligibility for services is determined on a case-by-case basis pursuant to grantee eligibility criteria established under parameters set forth in LSC regulations. Each grantee establishes a maximum income eligibility level, not to exceed 125 percent of the current official Federal Poverty Income Guidelines.

In 1996, Congress implemented a number of new accountability requirements including competitive bidding for Legal Services Corporation grants. This system of competitive bidding eliminated the right of grantees to a hearing to contest a funding decision awarding a grant to a competitor, ensuring LSC can award grants to the best applicants without unnecessary administrative barriers. Additionally, new compliance monitoring procedures, which use outside auditors to monitor grantee compliance with regulations and to perform comprehensive yearly oversight of grantee activities, were formulated. Another new provision adopted in 1997 prohibits any local program that has been found to engage in a substantial violation of the law or its grant conditions from being considered for an LSC grant in future competitions.

Also in 1996, other new requirements were adopted governing what legal services programs can do and whom they can represent. These new guidelines have refocused the LSC delivery system on serving individual clients with particular legal needs. With the

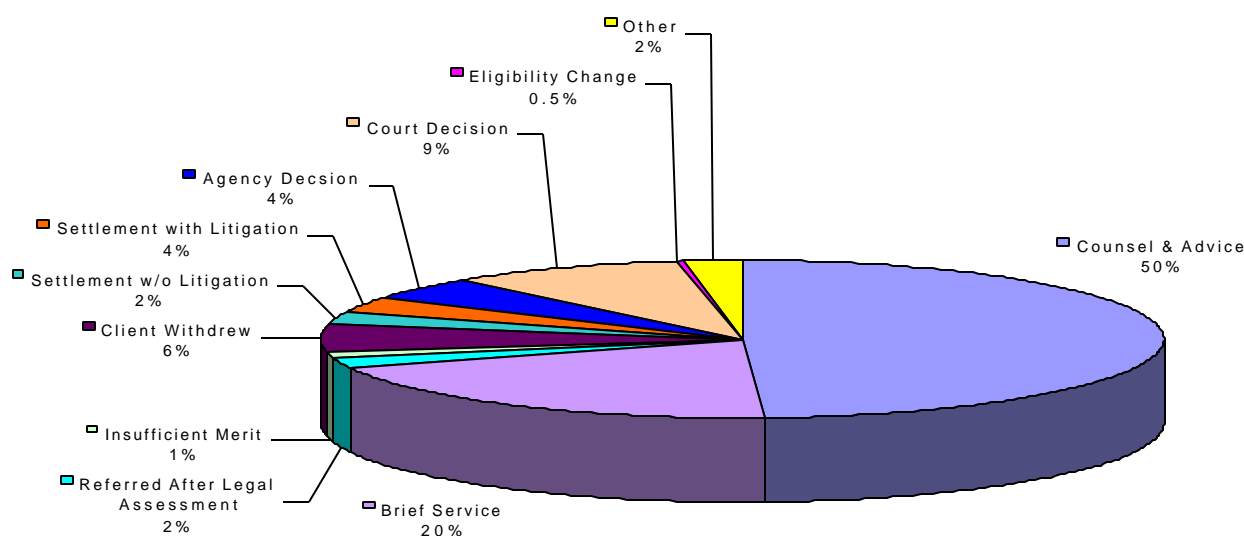
¹ For a complete explanation of the number of cases closed for 1999, *see* **Section V, 1999 Case Statistics**.

implementation of these restrictions, legal services attorneys are not permitted to initiate or participate in class action lawsuits. They may not challenge or engage in any activity to influence welfare reform. They may not collect court-awarded attorneys' fees. Litigation on behalf of prisoners and representation of undocumented and other categories of aliens is also prohibited. Other new requirements address redistricting, cases involving eviction from public housing of individuals charged with or convicted of drug violations and participation in government rulemaking and solicitation. Unlike past laws restricting the work of legal services, these provisions apply to all the funds of a recipient, with very few specified exceptions.

All local LSC-funded programs are administered by local boards of directors (or other governing bodies, in certain instances), a majority of whose members are appointed by local bar associations, and provide legal assistance to individuals pursuant to locally determined priorities that respond to community conditions and needs. Based on these priorities, local programs hire staff, contact local attorneys, and develop *pro bono* programs for the direct delivery of legal assistance to eligible clients. LSC requires each legal services program to spend an amount equal to at least 12.5 percent of its annualized grant to encourage participation by private attorneys in the provision of legal assistance to poor individuals.

The legal services delivery system offers a model of efficient resolution of disputes and avoidance of unnecessary litigation. Only a very small percentage (9% in 1999) of LSC-funded cases are resolved by the decision of a court, and the majority of these are family law cases that require a court determination.

Rather than litigating cases, legal services lawyers consistently find other, more efficient ways to solve problems for their clients. Under tremendous pressure from the demand for their services, they know they must use their limited resources wisely. As in past years, nearly three-fourths of cases in 1999 were resolved through advice, referral, or brief services.



III. The Case Statistics Issue

LSC acknowledges that serious questions have been raised concerning the accuracy and validity of the **Case Service Report (CSR)** data submitted annually by our grantees.² LSC is aware that problems exist in the statistical reports received and is taking steps to identify and correct those problems. The problems identified stem, in part, from a lack of clarity in some of LSC's past case reporting guidelines and, more generally, from insufficient attention by grantees to the existing reporting and documentation requirements.

It should be kept in mind that the issue is largely one of grantee compliance with technical and administrative guidance on how and when to report certain activities. In no instance has LSC, its Inspector General, or the General Accounting Office identified any fraud or intentional misrepresentation by any of the grantees in their compilation and reporting of this data. LSC will aggressively take steps to correct problems associated with the CSR system, and will continue to make full and timely reports to the U.S. Congress and the public. LSC views the issues concerning the CSR data to be akin to those encountered by many government entities as they attempt to meet the goals envisioned by the Government Performance and Results Act (GPRA).

Self-initiated Review of CSR Data

LSC's review of its CSR data was an outgrowth of its ongoing oversight responsibilities and it has become integral to its voluntary strategic planning process. Although not subject to the Government Performance and Results Act, LSC shares the aspirations of that law to rationalize the budget and appropriations processes by tying funding into objective measures of the agency's performance.

In November 1997, the LSC Board adopted its first Strategic Plan for FY 1998-2003. The strategic directions adopted by the Board will achieve LSC's vision³ by accomplishing two major strategic goals: (1) By 2004, LSC will dramatically increase the provision of legal services to eligible persons; (2) By 2004, LSC will ensure that eligible clients are receiving appropriate and high quality legal assistance. That plan is currently being revised – as are the

² "The conferees have concerns about the case service reporting and associated data reports submitted annually by the Corporation's grantees and the case statistical reports submitted by the Corporation to the Congress, and the conferees direct the Corporation to make improvement of the accuracy of these submissions a top priority, per directions in the House report. The conferees also direct the Corporation to submit its 1999 annual case service reports and associated data reports to Congress no later than April 30, 2000." Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act of 2000, Pub. L. No. 106-113, 112 Stat. 1501.

³ Twenty-five years ago, our government made a pledge to help ensure that all persons have access to America's civil justice system by enacting legislation that created Legal Services Corporation. Over the past quarter century, LSC has helped millions of low-income citizens solve important, sometimes life-threatening, legal problems. Despite the success of LSC and its many contributions to access to justice for low-income Americans, its achievements are overshadowed by the fact that so many in our society continue to suffer injustice and are unable to gain access to a lawyer for critical legal assistance. Until all members of our society are afforded that access, this promise of our government will continue to be unfulfilled. LSC is committed to promoting a new vision of legal services that will achieve the goal of bringing legal services to those currently denied access to the justice system.

initial plans submitted by many governmental entities. As recently reported by GAO, most federal agencies are far from meeting the goals set by GPRA for performance data on which the Administration and Congress can rely on in setting budget amounts and appropriations levels.

Nonetheless, LSC, having embarked on the path laid out by GPRA, recognizes the need to assess the data currently available on grantee activity for its accuracy and adequacy as a measure of LSC's performance. When the first Strategic Plan was published, and adopted clients served as a performance measure, the LSC Inspector General decided there was a need to determine the accuracy of the grantees' reports on which the measure was based. A series of audits of 1997 data was conducted in 1998 in anticipation of the first performance report due in 2000. These audits examined the accuracy of case statistical reports submitted by six grantees, and the causes of identified deficiencies, rather than validating or testing the accuracy of national or system-wide data.

Initial Findings

What LSC found when it began the assessment of the CSR system was a 20-year-old reporting structure, the guidance for which had not been updated since 1993. The reporting system rested on the definition of a "case." However clear and meaningful the definition of a case may have been in the past, it became evident the definition had not kept pace with the changes in the service delivery systems. As the pace of the evolution of service delivery systems and the reconfiguration of grantees accelerated following the funding cutbacks and program reforms in 1996, and spurred on by the technological revolution, the reporting of grantee activity solely on the basis of "cases" was becoming increasingly inadequate. This resulted in inconsistent and inaccurate reporting. Critical legal services were now being provided, *inter alia*, through Internet web sites, through toll-free telephone intake and brief advice systems, through *pro se* clinics and projects, and through stand-alone kiosks. An attorney representing a client before judge and jury was no longer the norm of a "case" when delivering critical legal services to low-income individuals.

The audits conducted by the General Accounting Office (GAO) and reported in June 1999, confirmed the Inspector General's findings as to the factors causing systemic errors in grantee case reporting.⁴ The GAO visited five large programs: Puerto Rico Legal Services, Inc., Legal Services for New York City, Legal Aid Foundation of Los Angeles, Legal Assistance Foundation of Chicago, and Legal Aid Bureau, Inc. in Baltimore, Maryland. Overall, the GAO deemed questionable approximately 34 percent of both open and closed cases reported by the five grantees in 1997. The percentage of questionable cases for individual programs ranged from 7 percent to 42 percent. A problem common to all programs was the untimely closure of cases, although again the extent of the problem in any particular program varied from under 4 percent in one program to over 30 percent in another. Overall, the GAO questioned between 5-9 percent of the cases reported because of the lack of adequate financial eligibility documentation and between 7-24 percent of the cases for lack of citizenship or alien status documentation. It should

⁴ GAO/GGD-99-135R LSC Case Reporting Problems.

be noted that GAO concluded *only* that the case files failed to contain the documentation necessary to confirm the eligibility or ineligibility of any of these clients.

LSC's Corrective Action

As these concerns surfaced, LSC decided as an initial step to reissue the 1993 CSR Handbook in May 1998, providing additional guidance on particular areas that were considered to be most prone to error. In general, clearer guidance was provided to programs on reviewing their own reporting procedures and practices, ensuring they conformed to the Handbook and ensuring all branch offices were aware of and were following these procedures. LSC reiterated guidance on not reporting financially or otherwise ineligible clients, referrals of ineligible cases or cases for which no legal work was performed. Recognizing this guidance would not affect the 1997 CSR data, which had already been submitted by the grantees, but wanting to improve the accuracy of future CSR data, LSC sought to heighten the awareness of grantees to the CSR requirements and to focus their attention on potential problem areas. As previously reported to Congress, though, a number of grantees did voluntarily submit corrections to their 1997 CSR data during 1998.

As the audit information became available during 1998 and into 1999, LSC gained a fuller understanding of the extent of the CSR problem and its complexities. Even though quantifiable data was lacking during most of 1998, LSC had sufficient information to begin taking actions to address the problems. As previously noted, LSC reissued its CSR instructions to all grantees, calling attention to problem areas known at that time. Recognizing that more action was needed to improve the CSR system, LSC provided additional written guidance to the field, including a substantial revision to its CSR Handbook (reissued in November 1998), and conducted training sessions on that guidance. In addition, LSC has required all grantees to perform a self-inspection of their CSR data, has followed up on grantees where corrective action was found necessary, and has increased its on-site presence to test grantee compliance.⁵

IV. What Is A Case?

A case is defined as the provision of permissible legal assistance to an eligible client with a legal problem, or set of closely related legal problems, accepted for assistance supported by LSC or non-LSC funds in accordance with the requirements of the LSC Act, regulations, and other applicable law.⁶

⁵ The FY2001 budget request includes \$1.54 million in additional funds to provide 40 annual specialized on-site compliance reviews. These on-site reviews will allow LSC management to identify program weaknesses, engage in effective Corrective Actions Plans oversight, and provide program-specific needed guidance and oversight. The reviews will allow LSC to more effectively execute its compliance function and ensure the accuracy of CSR reporting by its grantees.

⁶ Legal Services programs may record and report the provision of legal assistance as a case only if: (a) the client is financially and otherwise eligible to receive assistance under the LSC Act, regulations, and other applicable law; the client's case is within program priorities (or is an emergency case accepted under the program's emergency case acceptance procedures); the legal services program has actually accepted the client for service through its intake system or another established procedure for ensuring client eligibility; (b) the type of legal assistance provided to the client is not prohibited by the LSC Act, regulations, or other applicable law (e.g. a class action); (c) the legal

Since 1997, LSC has significantly tightened its requirements for what constitutes a case. A case that is eligible to be counted as such must include some actual counsel and advice or other legal assistance provided to the client. Thus, analysis and referral of a case to another legal services provider cannot be counted, nor can service where the client is accepted and work is done, but the client withdraws or loses contact with the program before any actual legal assistance is provided.

Programs have been required to screen their submissions for “duplicates.” A duplicate is not merely the submission of exactly the same case twice by computer or other error, but also any situation in which the same client returns to the program with the same legal problem in the same year. The test as to how similar the issue in two separate requests for assistance has to be before it is counted as one case has presented significant borderline problems, but there have been a large number of clear duplicates eliminated from the case reports.

It has also been clarified that if a case fails to meet any required documentation (financial eligibility, citizenship/eligible alien status, within program priorities, etc.) it may not be reported to LSC as a case. Especially for 1999, LSC has substantially strengthened the documentation requirements for reporting a case to LSC. As a result, numerous cases have been excluded from reporting, even though the client received legal service, because the case was not documented according to LSC requirements. For many of these cases, it was overwhelmingly likely that the client and the service would have been eligible to be counted as a closed case but for the lack of proper documentation.

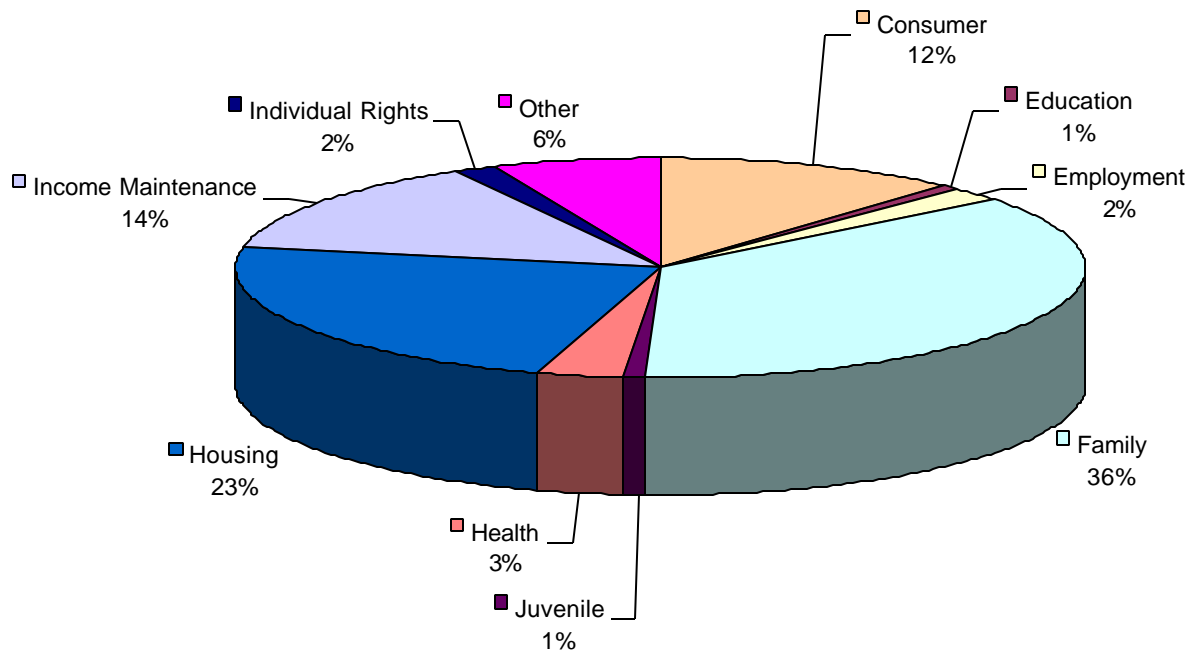
Programs, however, are allowed to count closed cases for the elderly and for battered women under the following specific programs *without* financial eligibility information because these Federal programs require that clients be accepted regardless of financial circumstances: Title XX Social Security Act, Titles III and IV Older Americans Act, and Violence Against Women Act.

V. 1999 Case Statistics

For 1999, LSC grantees reported closing 1,038,662 civil legal cases relating to issues such as domestic violence⁷, child custody and visitation rights, evictions, access to health care, bankruptcy, unemployment and disability claims, and many other issues faced by millions of low-income Americans. The consequences of such problems may be as serious as the loss of a family’s only source of income or homelessness. Left unresolved, they can cost society far more than the expense of providing legal services to address them. Other case types frequently encountered include foreclosures, collections and repossessions, child support, and wage claims. Without the federal funding provided by LSC to local legal services programs, many, and

problem(s) of a client are not of a type prohibited by the LSC Act, regulations, or other applicable law (e.g., an abortion case).

⁷ In 1999, it is estimated that LSC grantees received approximately \$10.5 million in federal funds under the Violence Against Women Act (VAWA) for use in rendering assistance in domestic violence cases. It is estimated that in the year 2000 they will receive approximately \$11.5 million in VAWA funding.



possibly most, of these individuals with these problems would have no other source of legal assistance.

Despite LSC's significant efforts to improve the data accuracy, there may be occurrences of errors in documentation or substance in this number. In January of this year, LSC instructed all programs to conduct a Self-Inspection of a sample of closed cases *prior* to submitting 1999 CSR data to LSC. The purpose of the Self-Inspection process was to provide programs a means to verify, by reviewing a sample of cases, that their 1999 CSR data satisfies LSC's standards for accuracy. In addition, it provides LSC management useful insight into the current nature and extent of the CSR data issue.

Although the Self-Inspection was not constructed, or executed, to yield a statistically valid assessment of the accuracy of the closed cases for 1999, the Self-Inspection did reveal, LSC believes, significant improvements in data accuracy from previous years. Again stressing this process did not produce an extensive assessment, LSC management submits that it is sufficient to reasonably estimate the population of reported cases contains an error rate of 11 percent.

In order to fulfill our pledge to the U.S. Congress and to the general public concerning our commitment to providing the most accurate *and* reliable data, we adjusted the number of cases reported by LSC grantees (1,038,662) by the average estimated error rate (11%). Accordingly, we submit a total of cases closed for 1999 of 924,000. For reasons that will be discussed in subsequent sections of this report, we also highlight that this figure represents only a portion of the work conducted by LSC grantees. Nonetheless, it represents the most reliable, albeit conservative⁸, estimate of cases closed in 1999 by LSC grantees.

⁸ The adjusted total of 924,000 is conservative because: (a) some grantees did use Self-Inspection data to exclude

Leveraging Federal Resources

Federal funding to Legal Services Corporation provides the national infrastructure for the U.S. civil legal services delivery system. But for the federal investment, the overwhelming majority of cases reported by LSC grantees would not have been possible. In six states, the federal investment represents almost the entire contribution for providing civil legal services to low-income individuals.⁹ In another sixteen states, LSC funding represents over 50% of the total investment in the civil legal services system.¹⁰

Beginning with 1999 cases, another significant change is the requirement for programs to report all cases eligible for LSC services, regardless of the funding source. The prior rule mandated that each case had to be at least partially funded by LSC funds, as well as being LSC-eligible. This new change is intended to make case reporting more consistent among grantee programs as these programs have varying mixes of LSC and non-LSC funding and varying, legitimate methods of allocating LSC and non-LSC funding among their activities that produce case closures.

As noted above, the LSC case count for 1999 includes all cases that meet LSC eligibility criteria, regardless of the funding mix of any particular grantee. LSC strongly encourages all its grantees to obtain other funding for the client community that Congress has legislated is eligible for LSC funding. The ability to leverage other funds to represent LSC eligible clients is a factor LSC considers in evaluating its grantees. LSC believes that the total number of LSC eligible clients served by LSC grantees is of considerable relevance.

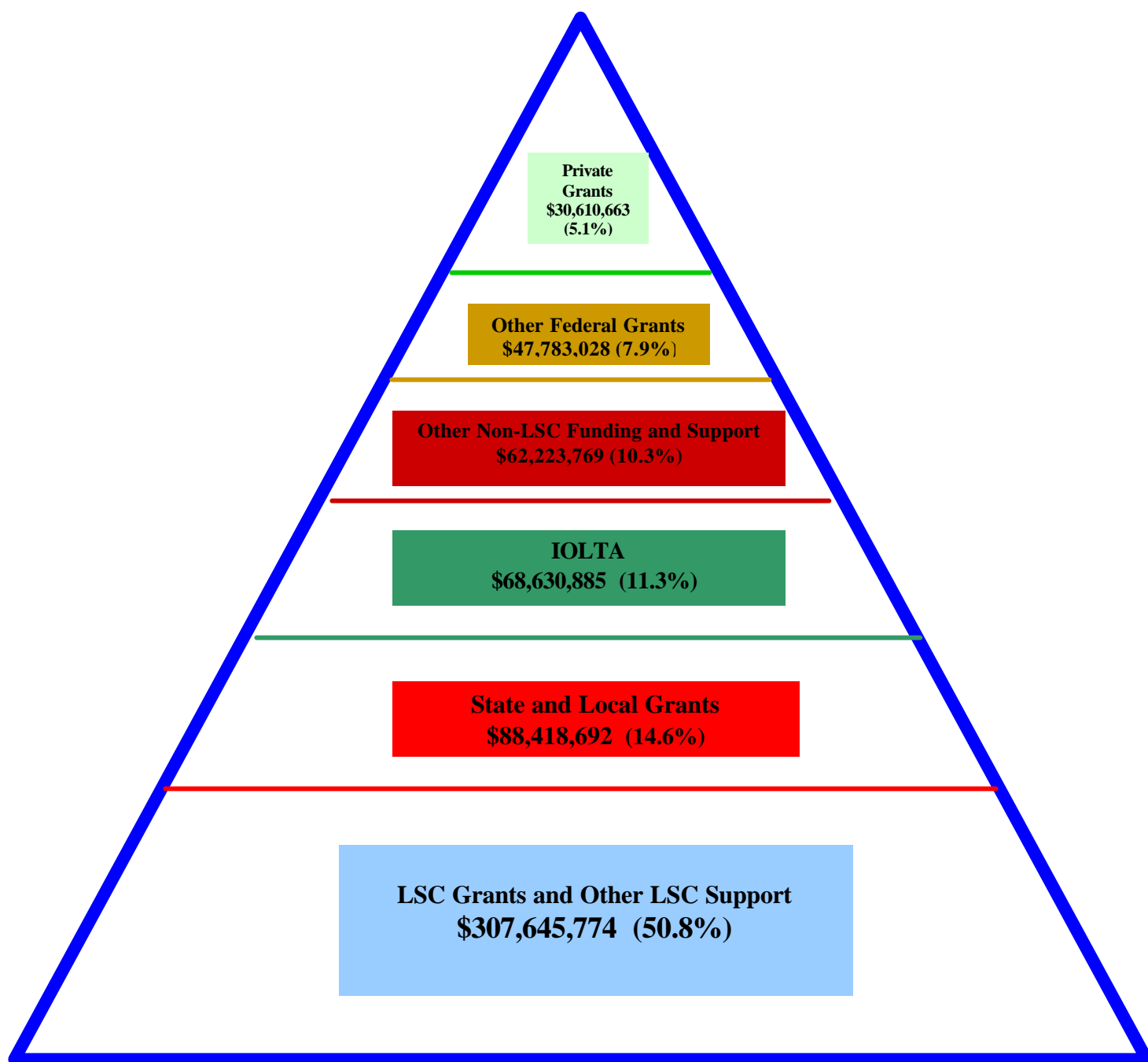
It has been suggested that this change may cause an artificial increase in the number of cases reported through the CSR system. The purpose of the change, however, was to achieve better accuracy and more consistency in the reporting of work made possible by LSC funding. Our grantees have successfully leveraged their federal funding by attracting other private and public sources of funding. Grantees use their mix of funding in a variety of ways. The former CSR system did not consistently collect and identify much of this effort on behalf of eligible clients. In fact, because of this inconsistency in reporting, the old system often produced artificial variations in reported case statistics among similar programs. The revised reporting requirement will greatly enhance the accuracy of the data on services to the eligible U.S. low-income population and will produce more complete data on the work of grantees that can be reasonably attributable to LSC grantees.

from their submission to LSC approximately 17,000 of the insufficiently supported cases that made up the 11 percent error rate, and (b) in the process of requiring more rigorous documentation of cases, some cases that actually had sufficient documentation, and many cases where the client was almost certainly eligible, were excluded, resulting in a countervailing undercount.

⁹ State-wide civil legal services' percentages of total funding received from LSC: Alabama, 91%; Arkansas, 80%; Mississippi, 95%; New Mexico, 83%; South Dakota, 89%; Wyoming, 84%. The SPAN Update: A Guide to Legal Services Planning. January 1999. American Bar Association: National Legal Aid & Defender Association.

¹⁰ Arizona, Iowa, Idaho, Illinois, Indiana, Kentucky, Louisiana, Montana, North Carolina, North Dakota, Nebraska, Oklahoma, South Carolina, Texas, Wisconsin, and West Virginia. The SPAN Update: A Guide to Legal Services Planning. January 1999. American Bar Association: National Legal Aid & Defender Association.

FUNDING FOR LSC GRANTEES -- 1999



Developing New Performance Measures

In addition to providing Congress and the public more reliable and accurate statistics on closed cases, LSC is committed to developing and to implementing by January 1, 2001, a new reporting system to document and assess the work of LSC grantees. LSC has contracted with an independent research firm to develop and implement a pilot project at six LSC grantees that will gather the necessary information needed to create a reporting system that captures **all** the work of LSC grantees, not simply the traditional “closed cases.” This reporting system will detail and describe the delivery of services that are not cases, services such as community education, information through Internet web sites, self-help forms and kiosks. The reporting system may also provide information on the impact to the community and to the client by describing non-“case” services’ in the following manner:

- ◆ the type of innovative service provided,
- ◆ the number of eligible clients receiving the service,
- ◆ the nature of the legal problems addressed through the innovative service, and
- ◆ the impact of the innovative service on the legal problems.

LSC also will develop systems for measuring the outcomes (or benefits) of the assistance that the programs provide to eligible clients. Outcome measurement may include an assessment of:

- ◆ the monetary impact of employment and benefits cases,
- ◆ the effect on quality of life of health and housing cases,
- ◆ the impact on minor children of assistance in family cases, and
- ◆ the financial stability afforded in consumer/finance cases.

In addition to establishing a more complete reporting system, LSC is committed to using economic analysis and performance measures to evaluate the impact of federal funding and individual grantee performance. Discussed below are two methods of analysis currently under review to accomplish these goals. While LSC will implement these performance measures on January 1, 2001, it will diligently evaluate the chosen method of analysis prior to implementation to ensure it provides useful and meaningful data. By 2001, LSC will require grantees to provide information that allows LSC to comparatively analyze the cost per case among similarly situated programs and similar types of services, i.e., brief advice and referral. LSC statistics for CY 2002 will reflect the input of all these performance measures.

The “Cost per Case” Model: The first methodology LSC is developing and evaluating to assess the work of grantees is a “cost-per-case” analysis. “Cost per case” is a rough quantitative output measure of the efficiency of LSC programs’ delivery of case services to eligible clients. In the past, it has been computed by dividing a program’s annual LSC funding by its annual total cases closed. The calculation uses all of a program’s LSC funding, even though LSC programs provide services to eligible clients that do not meet the definition of a “closed case,” as previously detailed. While a “cost-per-case” analysis is limited in that it only addresses quantity, and not quality of services, it does provide some useful quantitative

information. The raw cost per case figure can be further analyzed to take into account the level of service (from brief advice and counsel up to a court case).

Currently, LSC uses a “cost-per-case” analysis when it conducts on-site evaluations of grantees. By comparing the “cost per case” of a particular grantee over a period of time, LSC may gain useful information on the workload and performance of a program from year to year. LSC also uses a “cost-per-case” analysis to compare similarly situated grantees. This measure does require LSC staff to understand how services differ from grantee to grantee, so that the differences in levels of service can be adjusted to arrive at meaningful cost-per-case figures.

For example, grantee A receives \$30,000 in LSC funds and serves 3,000 clients at a cost-per-case ratio of \$100. The majority of these cases involve the provision of advice and brief service, traditionally not very time-consuming or labor intensive. Grantee B also receives \$30,000 in LSC funds, but only serves 500 clients at a cost-per case ratio of \$600. However, grantee B primarily handles clients facing domestic violence, eviction from their residences, or issues involving access to health care. Grantee B's cases usually involve protracted negotiation or litigation. Given the differences in the types of cases handled by these two grantees, a simple cost-per-case analysis, without further definition, would yield meaningless data in terms of the comparative value of services provide by these two programs.

Another caution that must be raised with this particular approach is that all LSC-funded programs engage in a wide range of very important activities that do not fall within the definition of “case,” which would thus not be included in valuing the program’s services. LSC-funded programs use many means (newsletters, pamphlets, speaking engagements, and web sites) to provide legal information to low-income persons, helping them avoid legal problems or aiding them in learning to handle problems when they surface. Where appropriate, LSC grantees refer low-income persons to organizations that can help the clients with their problems - either to alternate sources of legal assistance or to other sources of assistance, such as charitable organizations and social services agencies. Through the provision of legal information, programs also assist individuals in preparing to represent themselves in court. Resources expended in supporting efforts such as community legal education, outreach, state planning and resource development also would not be factored into the program’s “cost-per-case.”

LSC is carefully studying how to refine the “cost-per-case” analysis in order to use it effectively as a management tool. Toward this end, LSC has recently initiated activities to develop more appropriate strategies and mechanisms to gather and to quantify data on all of the work -- cases and matters, regardless of funding source -- being performed by its grantees.

The Cases Funded Exclusively with LSC Resources Model: The second methodology LSC is developing is a model to estimate the number of cases funded *exclusively* with LSC funds. To arrive at this estimate, total cases reported by LSC grantees would be augmented with an estimate of **all cases** handled by LSC-funded organizations. These are cases traditionally not reported to LSC – either because documentation LSC requires is not present in these cases or because they are expressly handled with funding that allows financial eligibility standards that are more lax than LSC standards. This number would then be added to the total reported to LSC

(to produce a total caseload number) and then reduced by the national rate of funding of LSC programs by other sources.

This process would yield an estimate for cases that are funded *exclusively* with LSC resources. In using such a number, however, several factors need to be kept in mind.

- This figure would only be an estimate. We do not compile an actual count of the number of cases that are not within LSC's definition of a case.
- The reportable and not reportable cases, on average, do not take the same amount of time. Other funding sources may be funding a different mix of cases that may, on average, take more or less time than the average case for LSC-eligible clients.

LSC will receive additional information on the ability of grantees to leverage federal dollars using an estimate of cases funded exclusively with federal resources, through this methodology, although it is a less than perfect method of analysis. LSC routinely evaluates its grantees on their ability to leverage additional dollars from alternative sources to expand their ability to provide critical legal services to low-income persons. For example, as noted above, grantees often seek alternative funding to expand services to women and children in potentially abusive situations. Further, under its state planning initiative that mandates all grantees within a particular state work together to create a comprehensive and integrated statewide delivery system, grantees are required to address how they will work together to expand the resources available within that state to support legal services.

VI. The Need for Legal Services

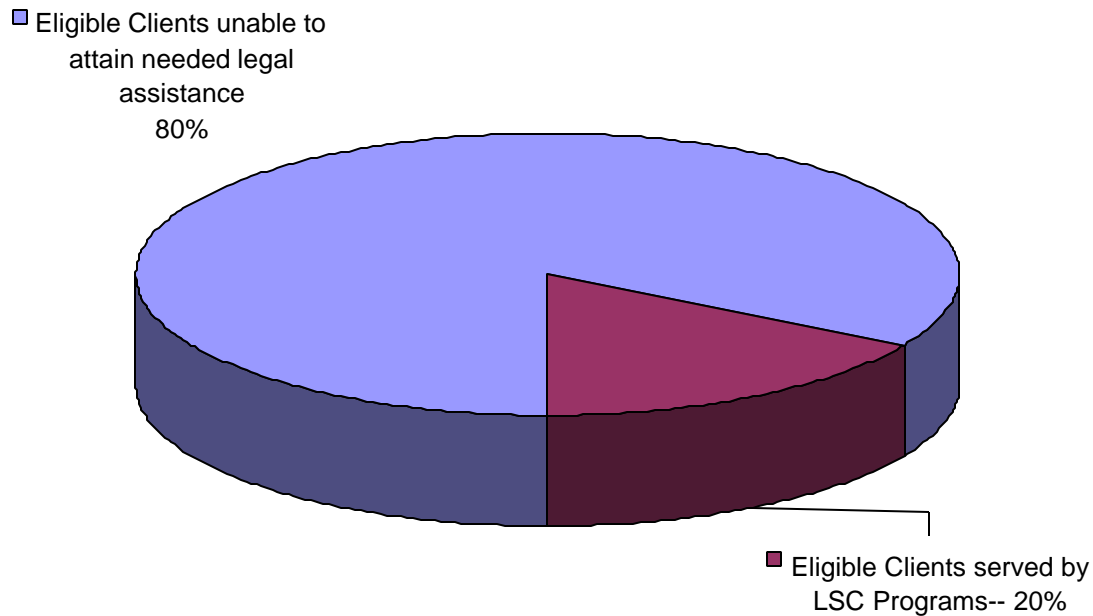
The need for legal services is overwhelming. Although we live in a time of great economic prosperity, there are currently still 34.5 million Americans living in households with an income below the poverty level.¹¹ Some 10 million additional individuals with incomes between 100 and 125 percent of the poverty level are also potentially eligible for legal services. This means that almost one out of every five Americans is eligible for legal services assistance. America's children are particularly affected by poverty. Even though the poverty rate has slightly declined, 18.9 percent of children are still poor.¹² In order to ensure these Americans are not left out of the justice system, a strong federal role in supporting legal services is vital.

A 1994 study for the American Bar Association concluded that approximately 80 percent of poor Americans do not have the advantage of an attorney when they are faced with serious situation where a lawyer's advice and assistance would make a difference. Similar conclusions have been reached by state legal needs' studies in a dozen states including Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Missouri, Nevada, New York, and Virginia, using a variety of methodologies for estimating the unmet legal needs of the poor.

¹¹ U.S. Census Bureau, Poverty in the United States: 1998, <http://www.census.gov/prod/99pubs/p60-207.pdf>

¹² Center for Budget and Policy Priorities, Analysis of 1998 Poverty and Income Data, (September 1999).

Estimated Unmet Legal Need



Because of limited resources, local legal services programs are forced to turn away tens of thousands of people with critical legal problems. A survey of selected programs in the spring of 1993, when LSC funding was substantially higher than it is today, revealed that nearly half of all people who applied for assistance from local programs were turned away because of a lack of program resources. Most programs are forced to limit the cases they accept to emergencies or other situations that threaten the safety and stability of the family or individual involved. Recent studies estimate that between one and four million American women experience an assault by an intimate partner each year, and 3.3 million children are exposed to violence by family members against their mothers or female caretakers.¹³

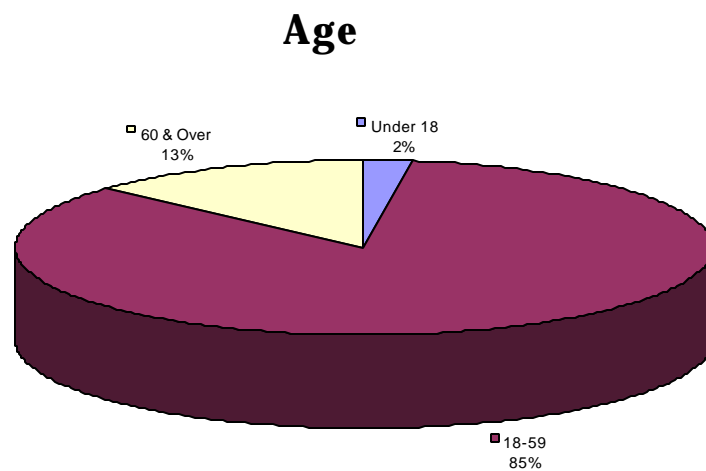
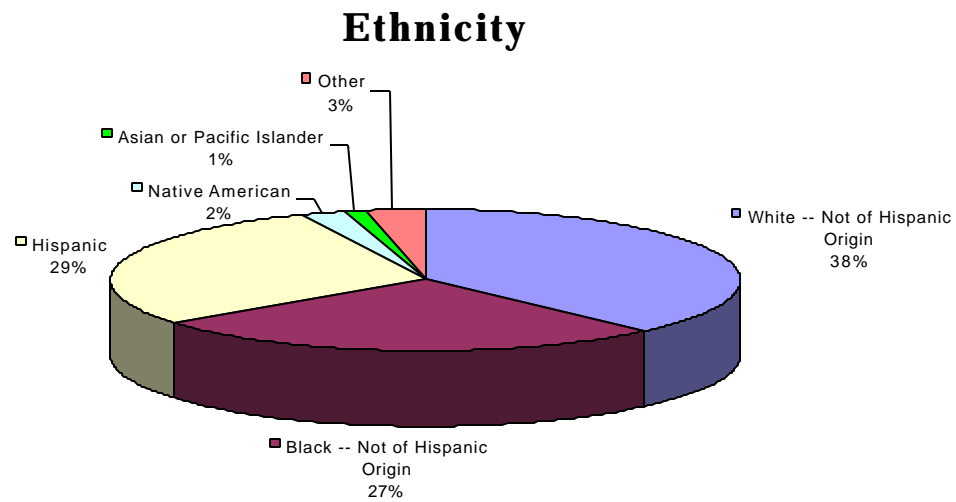
Client Demographics

Legal services clients are as diverse as our nation, encompassing all races, ethnic groups and ages. They include the working poor, veterans, family farmers, people with disabilities, and victims of natural disasters. Many were formerly middle class, and became poor because of age, unemployment, illness, or the breakup of a family.

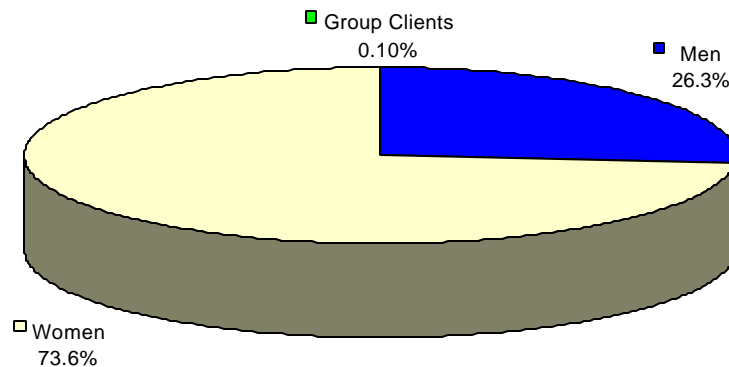
In 1999, as in the past, nearly three-fourths of LSC clients were women, most of them mothers with children. Although the named client is usually an adult, most LSC cases also involve and benefit children. The legal problems faced by people living in poverty can result in particularly serious, long-term consequences for children.

¹³ According to an August 1995 Bureau of Justice Statistics Special Report, *Violence Against Women: Estimates from the Redesigned Survey* (NCJ-154348) and a report by the American Psychological Association, *Violence and the Family: Report of the American Psychological Association Presidential Task Force on Violence and the Family* (1996).

Elderly people often require legal assistance because of their special health, income and social needs, especially in coping with the government administered benefits on which many depend for income and health care.



Gender



VII. Conclusion

Established by Congress in 1974, LSC plays a central role in providing low-income Americans with access to legal assistance and information critical to resolving their civil legal problems. In 1999, for example, LSC grantees reported closing 1,038,662 civil legal cases relating to issues such as domestic violence, child custody and visitation rights, evictions, access to health care, bankruptcy, unemployment and disability claims, and many other issues faced by millions of low-income Americans. Despite LSC's significant efforts to improve data accuracy, there may be occurrences of errors in documentation or substance.

In order to fulfill our pledge to the U.S. Congress and to the general public concerning our commitment to providing the most accurate *and* reliable data, we adjusted the number of cases reported by LSC grantees (1,038,662) by the average estimated error rate (11%). Accordingly, we submit a total of cases closed for 1999 of 924,000. This number represents the most reliable, albeit conservative, estimate of cases closed in 1999 by LSC grantees.

Recognizing that valid questions have been raised regarding the accuracy and validity of the Case Service Reports (CSR) data that LSC's grantees annually submit, LSC has committed itself to ensuring that reliable data is provided.¹⁴ The decrease in the number of closed cases for 1999 is, in large measure, the result of LSC's new, more stringent reporting guidelines. For example, it has been clarified that if a case file fails to contain any required documentation

¹⁴ The Subcommittee on Commercial and Administrative Law held an oversight hearing on Legal Services Corporation September 29, 1999. The hearing heightened awareness of some of the problems LSC was encountering in attempting to provide accurate statistics relating to services provided by LSC grantees. Subcommittee Chairman Rep. Gekas and Rep. Chabot informed LSC of their expectation that the statistics provided by LSC to Congress concerning their grantees' activities be accurate. For example, Mr. Chabot stated "Congress certainly does look at the statistics that we are provided, and we expect those statistics to be accurate when we are determining what programs are going to be funded and at what levels, so we expect those numbers to be accurate, and when they're not it disturbs us a great deal, as it should." *Legal Services Corporation: Oversight hearing before the Subcomm. on Commercial and Admin. Law of the House Comm. on the Judiciary*. 106th Cong., 1st Sess. (1999).

(financial eligibility, citizenship/eligible alien status, within program priorities, etc.) it may not be reported to LSC as a case. As a result, numerous cases have been excluded from reporting, even though the client received legal service, because the case lacked the required documentation.

Unfortunately, the civil legal needs of *all* low-income Americans are not being adequately met due to severe funding shortages at the federal and state level. In FY95, Congress appropriated \$402.5 million for grants to local legal services programs. Assuming inflation remains at current rates through 2001, almost \$450 million is required in FY01 to maintain the purchasing power (and services) of the FY95 level. Unless the federal investment for civil legal services is substantially increased, a large segment of the U.S. population will continue to be *without* access to the justice system. LSC's Budget Request for FY01 includes a modest increase of \$24 million for grants to local programs.

LSC is committed to continuing to improve the accuracy of its case statistics, vigorously enforcing the Congressional restrictions enacted in 1996, and creating new and more meaningful ways to evaluate the work of legal services programs receiving federal funds. We call on Congress, the private bar, and local and state governments to support LSC in fulfilling its Congressional mandate to provide low-income individuals throughout America with real, meaningful access to our nation's justice system.